

Public Testimony and Comments Regarding the 2019 Proposed Golden Rule Rate Increase Report

For Consideration by Commissioner Doug Ommen, Iowa Insurance Division

Prepared by the Office of Consumer Advocacy, Iowa Insurance Division

August 18, 2018

I. Background

Iowa Code §505.19 sets forth procedures for health insurance rate increase requests exceeding the average annual health spending growth rate published by the Centers of Medicare and Medicaid Services (CMS). The procedures include a requirement that the Office of Consumer Advocacy solicit public comments on the proposed rate increase, provide the comments received by the public on the internet, and to present the public testimony and comments received to the Commissioner of Insurance for consideration before a decision is made on the proposed rate increase.

The Office of Consumer Advocacy was notified on June 13, 2018, that Golden Rule Insurance, a UnitedHealthCare Company, was seeking an average rate increase of 11% on approximately 3,379 covered lives. The proposed increase applies for all in-force plans labeled Generation 1-27. As the proposed rate increase amount exceeded the most current average annual health spending growth rate of 5.6%, the Office of Consumer Advocacy solicited and gathered comments and testimonials from the public regarding the proposed rate increase.

II. Actuarial Review

As a regular part of the rate review process, the proposed rate increase is actuarially reviewed twice. Once by the Iowa Insurance Division's actuary staff and once again by independent third party reviewers. An actuary summary document is available as a handout during the public hearing and has been posted on the rate hearing website, <https://iid.iowa.gov/2019-health-rate-increases>.

The actuaries found the following:

- Golden Rule Insurance has been operating for the last 28 months with a loss ratio of 80.57% (a federal percentage that calculates what percentage of every premium dollar goes towards claims and allowable costs). The federal government requires that all individual health insurers have a loss ratio of no less than 80% or premium refunds must be paid to affected policyholders.
- Without an increase in rates, Golden rule was projected to have a loss ratio of close to 85%.
- However, the actuarial reviews found that an 11% increase could not be approved as it would cause Golden Rule to fall below the 80% medical loss threshold.
- The actuarial reviews found that a 7.9% increase would allow the medical loss ratio to be just over 80%. This would leave the average premiums at \$293 per month.

The Office of Consumer Advocacy also reviewed the actuarial memorandum from Golden Rule and found no additional noteworthy information.

III. Public Comments

The Office of Consumer Advocacy received two comments from policyholders regarding the proposed rate increase. The commenters expressed concerns about the affordability of coverage and frustration with receipt of another rate increase in what seems like a never ending stream of rate increases. The commenters unequivocally requested denial of the proposed rate increase.

IV. Conclusions

The comments shared expressed displeasure at the increase in rates due to the costs. The actuarial reviews show that the proposed rate requested was too high and should be reduced to 7.9% in order to meet federal medical loss ratio standards. Though at 7.9%, Golden Rule will just be over the 80% medical loss ratio. As Golden Rule is so close to the federal minimum for medical loss ratio, the Office of Consumer Advocacy would encourage the Commissioner to review and consider the effects of reducing the rate increase even further.

Under Iowa Code section 505.19(3), comments may continue to be received until the Commissioner makes the final decision on the proposed rate increase. Any additional comments received prior to the Commissioner's decision will be recorded on the rate hearing website.

Appendix A: Golden Rule 2019 Proposed Rate Increase Comments

Jim J. – New Virginia, IA – July 6, 2018

My wife is 51 and I'm 54. We're both retired, and in excellent health. Right now we're paying about \$335 a month for a catastrophic 2-person coverage plan with a sky high deductible. The insurance company "rewards" us by lowering our deductible (which we'll probably never meet) if we don't use any of it, but then they go and increase our base premium rates! It's like they're taking the money from one place and charging more in another area. The end result is not a reward at all.

Last year our rate increase was 27% and this year the company is asking for another 11%. Can you imagine the price of anything jumping that high in just a few years? It's insane. We're both against any more increases.

Dan B. – Anonymous City – July 5, 2018

Good afternoon,

I would like to formally ask that the Iowa Insurance Commissioner DENY a 11% rate increase which is being requested by Golden Rule health insurance.

This company JUST raised insurance rates by 35% (over \$100 extra per MONTH) and now they are asking rates to be increased by 11% next year! (over \$50 per MONTH). This is absolutely ridiculous, and must STOP IMMEDIATELY!

Your average person, such as I am, cannot afford to pay these outrageous insurance costs all brought on because of obamacare.

DENY this request. Then politicians wonder why more Americans on a daily basis are getting rid of health insurance, because WE CANNOT AFFORD IT!